

**SNOHOMISH COUNTY PUBLIC UTILITY DISTRICT NO. 1**  
**Snohomish County, Washington**  
**January 1, 1994 Through December 31, 1994**

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**Schedule Of Federal Findings**

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1. Only Allowable Costs Should Be Charged To A Federal Program

During our audit of the Energy Smart Design grant for 1994, we found that the district received \$15,000 in grant funds to cover payroll related administrative costs. Our efforts to locate supporting documentation and our discussions with district personnel revealed that charges are made based on time estimates. No time cards or other documentation is available to support the claim as a reimbursement of actual costs incurred.

Office of Management and Budget Circular A-87, Attachment B, Section B.10(b), states in part:

Amounts charged to grant programs for personal services, regardless of whether treated as direct or indirect costs, will be based on payrolls documented and provided in accordance with generally accepted practice of the . . . local . . . government. Payrolls must be supported by time and attendance or equivalent records for individual employees. Salaries and wages of employees chargeable to more than one grant program or other cost objective will be supported by appropriate time distribution records.

We have included the \$15,000 in payroll charges in the accompanying Schedule of Questioned Costs.

We recommend that district officials require all such charges to a federal program be supported by adequate payroll records prior to filing a claim with the grantor.